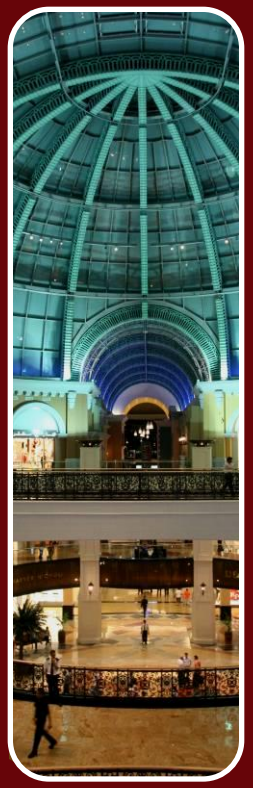
Thomas

Determining the Development Opportunity



Our Expertise

We are one of the world's most recognized and credible companies in mixed-use planning.

- Recognized as a leader in the strategic planning of mixed-use projects.
- We create development strategies for the world's leading land developers, property owners and operators.
- Our international contact network, deep rooted industry affiliation and strategic partnerships are the key pillars that drive our innovative approach to development strategy.

Dubai Festival City – Dubai, UAE

Global Exposure

We have a 32 year track record of making projects work in over 50 countries around the world.

Helping Shape Tomorrow's Projects

Our work helps shape the next generation of mixed-use projects.

- Blended indoor – outdoor atmospheres that respond to the climate conditions of the region.
- Places that embody the collective spirit of the community.

Always Exploring New Opportunities

Working with architects to bring new retail formats to the region.

- Applying new retail development concepts that respond to the changing consumer tastes of a globalized world.

- Integrating traditional ideas to find innovative solutions.

Introducing Retail Concepts

Going beyond the traditional offering and catering to specific niches.

- Focusing on category specific retail opportunities that respond to high demand segments.
- Introducing new concepts that leapfrog the competition.

Retail Focus

Retail is our core specialty.

- Though we often work with a range of potential land uses, it is retail that lies at the center of many of the world's most beloved and successful places.
- "Getting the retail right" is as much art as it is science, involving far more than number crunching, marketing, or leasing.
- As the core or unifying element, retail must be carefully conceived thematically, physically and analytically, to ensure that it becomes the social and functional heart of the project.

Mall of the Emirates – Dubai, UAE

Our Approach to Development Strategy

To create a successful development strategy, we use our own proven process to evolve the study from market research findings into an executable development program:

1. Reading and interpreting the market to bridge the gap between research and development strategy.

Using Rich Data Inputs

Testing the Validity

Using Proven Benchmarks

2. Assessing the project opportunity using proven practices & big picture thinking. Thinking globally but acting locally.

Applying Proven Process

Introducing New Ideas

Our Approach to Development Strategy

3. Applying international best practices from our project experience & industry affiliation.

Case Study Benchmarking

Best Practices Application

4. Defining the project function from proper research and analysis and working with architects to translate the study findings into a physical plan.

Defining Market Support

2014 Per Capita Retail Expenditures	PTA	STA N	STA C
Retail Categories			
Convenience	**6,330**	**6,890**	**6,460**
Grocery & Specialty Food	5,257	5,723	5,365
Pharmacy	607	661	620
Services	465	507	475
Comparison	**11,743**	**16,660**	**12,868**
Apparel	2,977	4,223	3,262
Footwear, Luggage & Fashion Accessories	961	1,364	1,053
Cosmetics, Health, Bath & Beauty	612	869	671
Jewelry, Watches & Accessories	701	994	768
Electronics & Appliances	659	935	722
Multimedia, Books & Music	1,048	1,487	1,148

Establishing Development Program

Retail Floorspace Program*	PTA	STA	Total
Retail Categories	SF GLA		
Convenience	**121,428**	**56,359**	**177,788**
Grocery & Specialty Food	83,079	37,662	120,741
Pharmacy	7,786	3,594	11,379
Alcohol & Tobacco	14,564	7,041	21,604
Services	16,000	8,063	24,063
Comparison	**200,506**	**99,423**	**302,734**
Apparel	40,289	18,749	59,937
Footwear, Luggage & Fashion Accessories	12,026	5,713	18,122
Cosmetics, Health, Bath & Beauty	21,071	9,588	30,847
Jewelry, Watches & Accessories	3,245	1,442	4,770

Translating Into Physical Plan

Adding Value Throughout the Development Process

Moving from market feasibility to development strategy to the final strategy execution.

1. Market Feasibility

- Site Analysis
- Land Use Market Assessments
- Competitive Market Review
- Best Practices Benchmarking
- Trade Area Delineation & Psychographic Profiling
- Expenditure Analysis
- Market Captures & Retail Project Sizing
- Project Sales Forecast
- Financial Analysis

2. Development Strategy

- Site Planning & Design Recommendations
- Merchandising and Tenant Mix Layout Plan
- Project Positioning Strategy

3. Implementation Program

- Ongoing Strategic Planning and Layout Design Consultation
- Master Planning
- Preparing Marketing Support Materials
- Introducing Retail Opportunity To Potential Target Retailers
- Securing Joint Venture Partners
- Soliciting Commercial Interest
- Preparing Rental Projections & Leasing Strategies

Our Work Methodology

Stage I: Market Context & Situation Assessment

Project Vision

Location

Competition

New Competitors

- What is the vision for the retail project?
- Location, Location, Location – what uses are compatible?
- Who are the existing competitors?
- What new competitors are proposed/under development?

Phase 1

Stage I: Market Context & Situation Assessment

What is the vision for the project?

Defining Target Markets

Finding Market Niches

Creating Points of Difference

Building Value Proposition

Stage I: Market Context & Situation Assessment

Location, Location, Location – what uses are compatible?

>> Understanding the Regional Context

>> Defining the Neighborhood Situation

>> Identifying Site Specific Opportunities

+

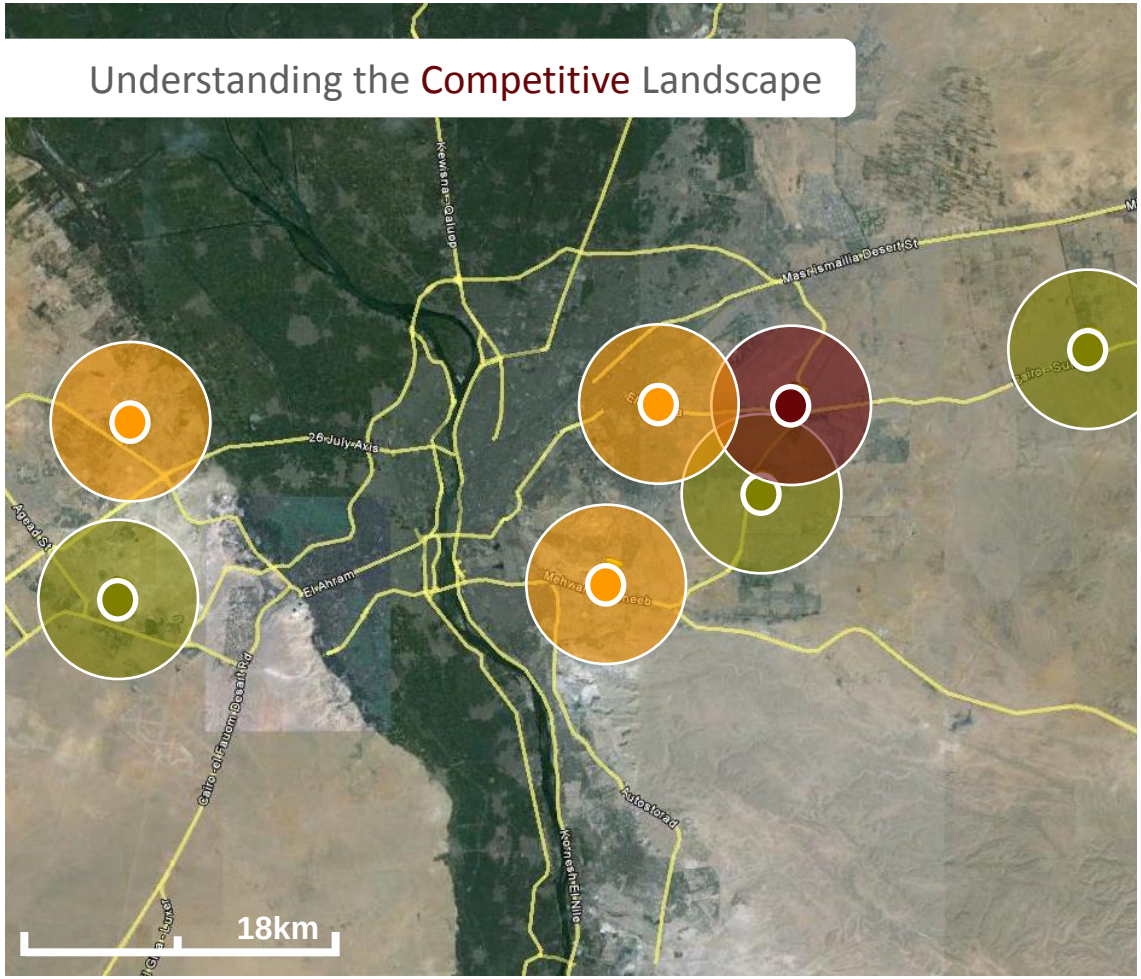
- Strong Cohort of Middle Class Residents
- **Commuter Rail Allows Regional Access**
- Growth & Development in Navi Mumbai
- Adjacent to Planned Nature I
- Proximity to Planned Navi Mumb
- Limited Retail Competition in Local
- Situated at A **Geographical Gateway** f Traveling to Leisure Destinations in the

–

- **No Exposure to Arterial Roads or Highways**
- Physical Barrier of On-Site Railway Line
- Lack of Existing Business Functions In Area Limit Appeal as a Commercial Destination
- Modest Local Population Base
- Current State of Weak Demand for Commercial Real Estate
- Established Vashi Sector is the Proffered Destination for Retail in Navi Mumbai

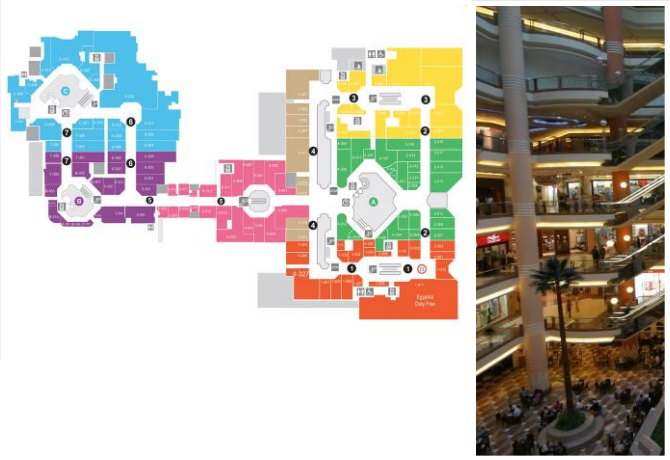
Stage I: Market Context & Situation Assessment

Who are the existing and new/proposed competitors?



Site Existing Retail Retail Under Construction

>>Profiling Competing Centers



>>Identifying Market Voids

Leading International Luxury Brands	Retail Store Locations		Retail Luxury Class		Multi-Offer / Unisex / Complete Luxury Comparison	
	Jeddah	Saudi Arabia	Luxury - Exclusive	Upscale - Premium	Luxury - Exclusive	Upscale - Premium
1 Aigner	✓	✓	✓		✓	
2 Alfred Dunhill	✓^	✓^	✓			
3 Baccarat			✓			
4 Bally	✓	✓	✓		✓	
5 BCBG Maxazaria		✓		✓		✓

>>Defining Market Opportunities

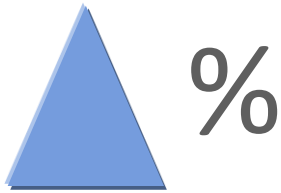
Our Work Methodology

Stage II: Market Demographic & Expenditure Assessment

Target Customers

Total Spending

Spending Capture



Optimal Floorspace

Detailed Categories	SF	SM	
Convenience	**124,536**	**11,574**	**18%**
Grocery/Pharmacy	76,911	7,148	11%
Services	47,625	4,426	7%
Comparison Goods	**340,309**	**31,627**	**48%**
Apparel & Accessories	163,667	15,211	23%
Jewelry & Accessories	37,388	3,475	5%
Cosmetics, Bath & Beauty	20,404	1,896	3%
Home Furnishings & Accessories	23,723	2,205	3%
Personal Electronics	15,585	1,448	2%
Books, Media & Music	16,748	1,557	2%
Sporting Goods	8,668	806	1%
Toys & Hobbies	20,874	1,940	3%

- What are the target customer segments?
- What is the total spending in the target market?
- How much customer spending can the project realistically capture?
- How much retail and entertainment floorspace can be supported?

Phase 2

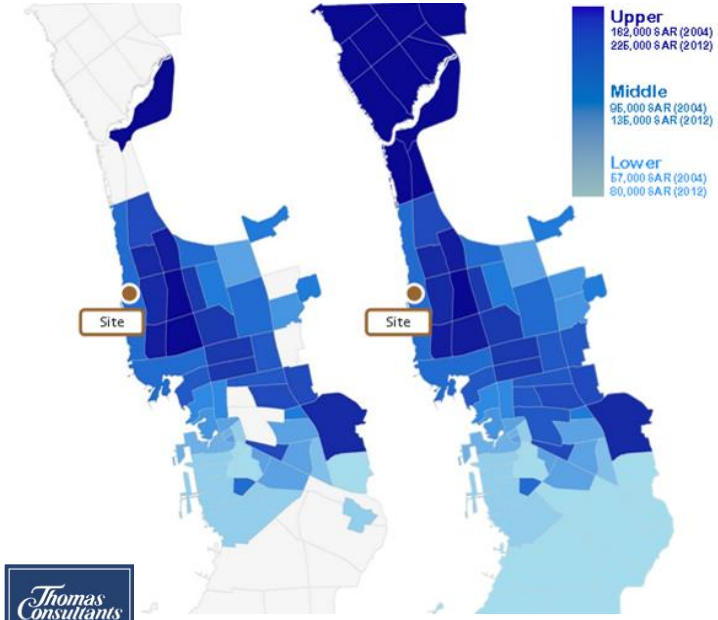
Stage II: Market Demographic & Expenditure Assessment

Who are the target customer segments?

>> What Target Markets Are appropriate?

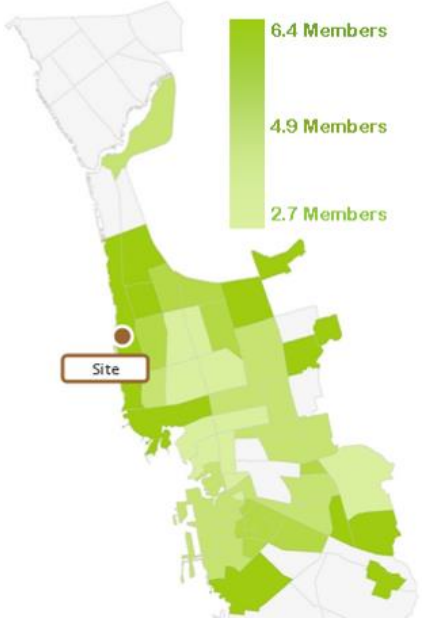
>> What Are the Population Characteristics?

Average Household Incomes

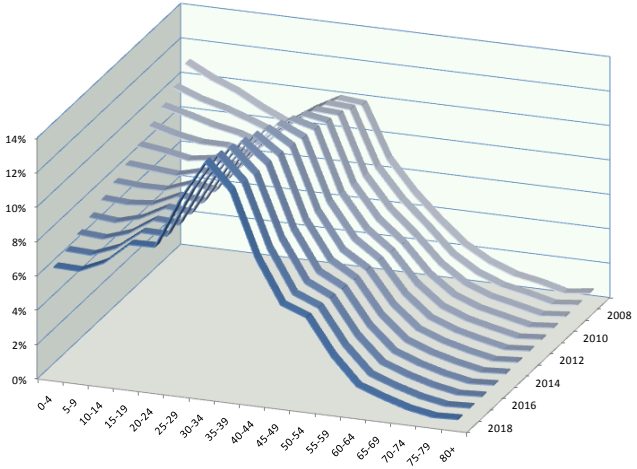


>> What Is the Demographic Makeup?

Average Household Size



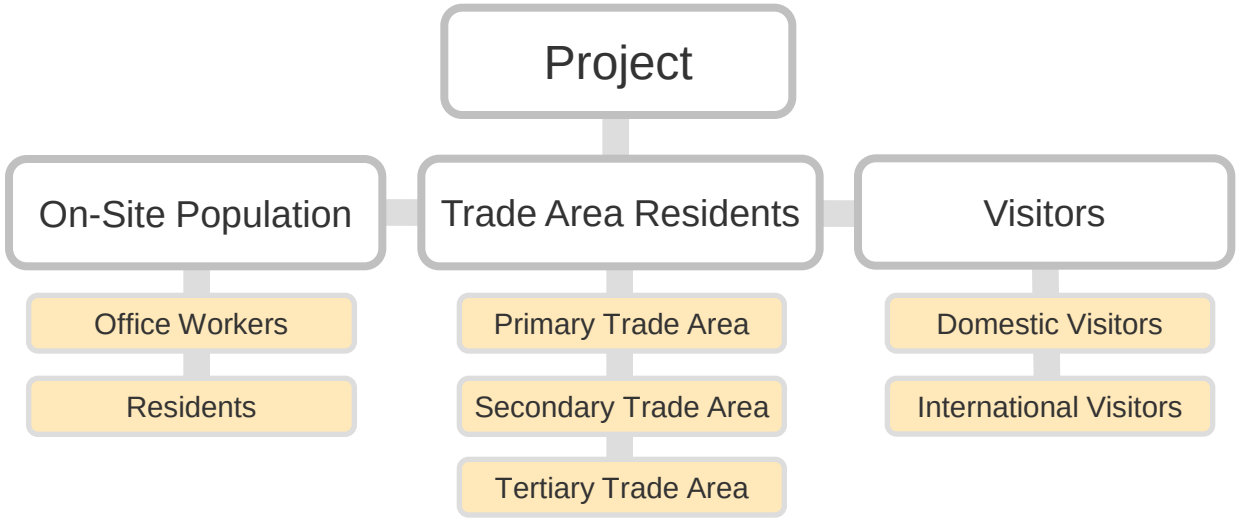
Age Structure



Thomas Consultants
Development Strategists

Stage II: Market Demographic & Expenditure Assessment

What is the hierarchy of potential end-users ?



On-Site Population

- Office Workers
- Residents

Trade Area Residents

- Primary
- Secondary
- Tertiary

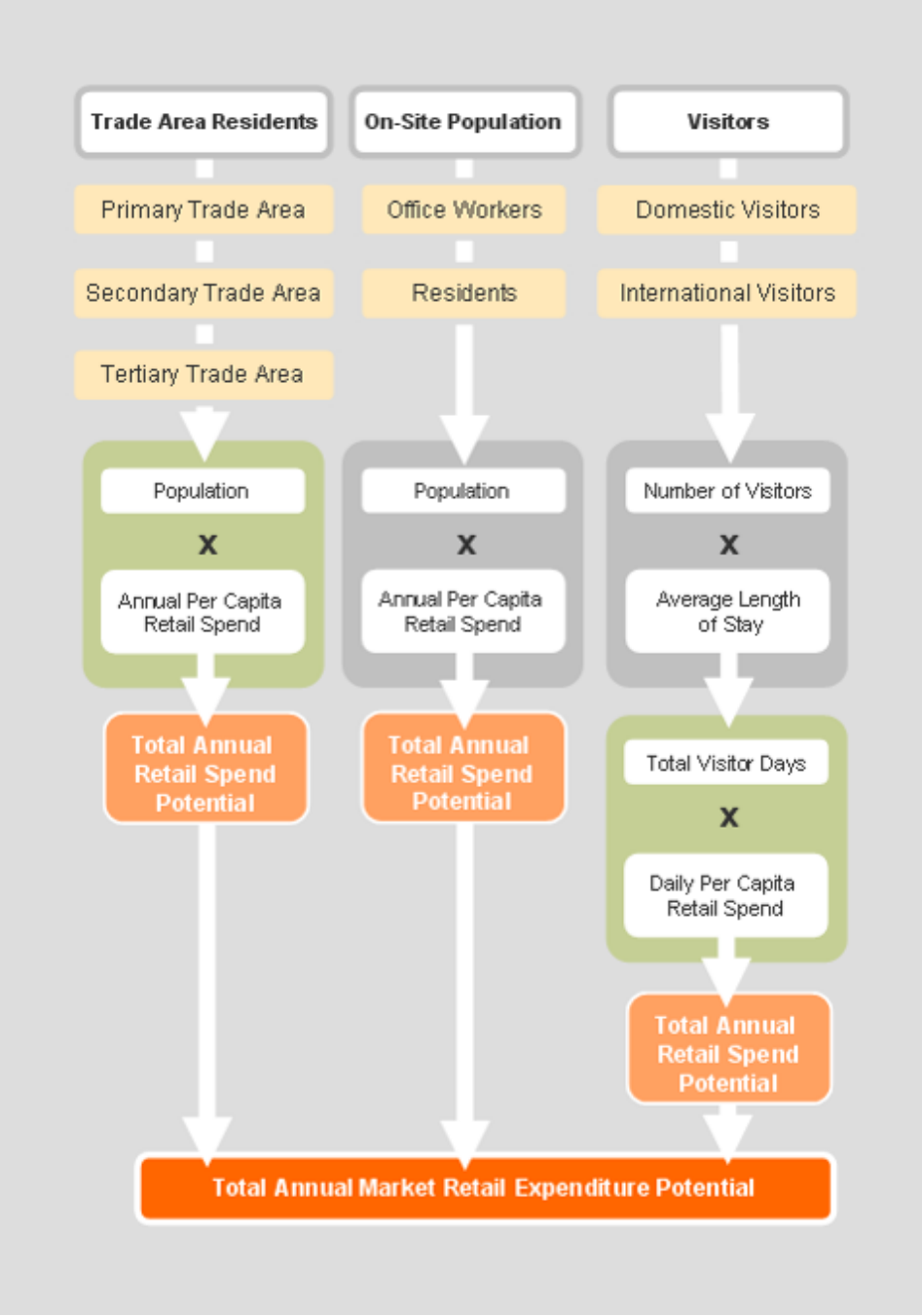
Visitors

- Domestic Visitors
- International Visitors

Stage II: Market Demographic & Expenditure Assessment

What is the total spending in the target market?

- Identifying each unique user group/trade area.
- Estimating user group retail sales via per capita expenditures and population forecasts.
- Aggregating each user group expenditure to determine total retail market size.



Stage II: Market Demographic & Expenditure Assessment

How much customer spending can the project realistically capture?

- What Share of the Trade Area Can You Capture?

Location

- Site Size
- Visibility
- Access

Competition

- Relative Location
- Product Offerings
- Market Niches

Demographics

- Incomes
- Spending
- Wants & Needs

Project Positioning

- Size
- Product Offering
- Uniqueness
- Appeal

Stage II: Market Demographic & Expenditure Assessment

How much retail floorspace can be supported?

- What is the Sales Revenue Potential?
  - How Much Retail Floorspace Should Be Built?

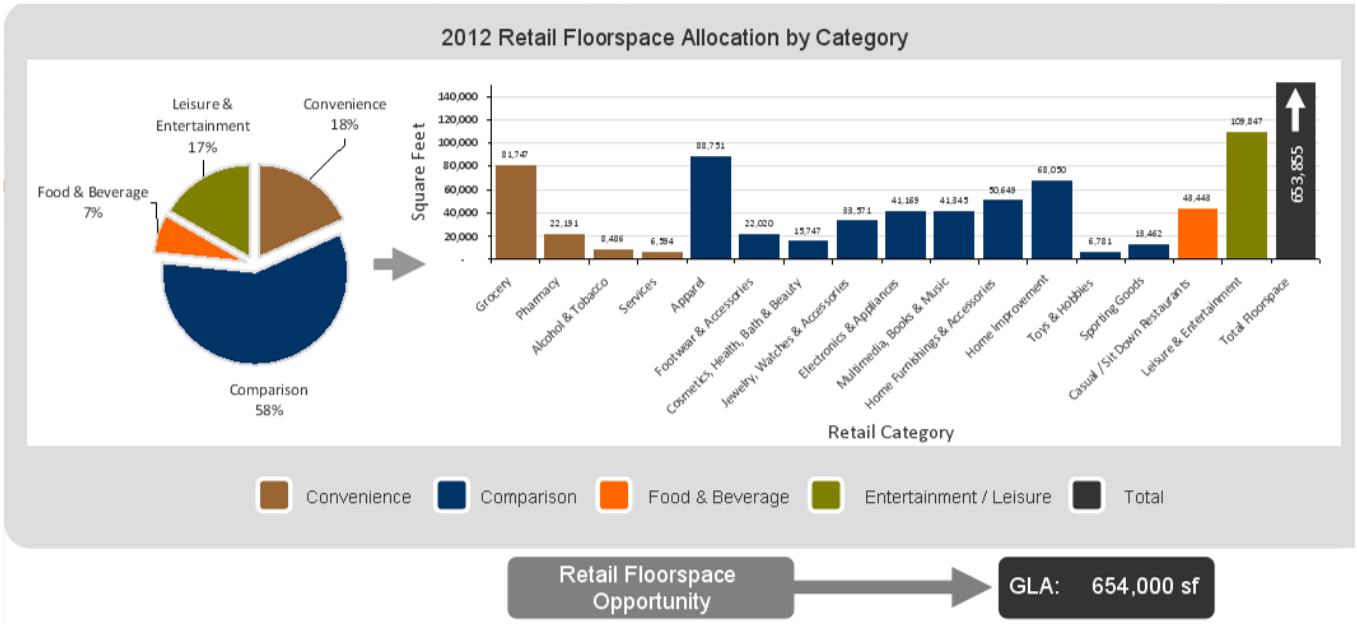
2012

On-Site Sales
- Rs. 1.3 billion
- $28 million US
- 18% of Total Sales

Trade Area Sales
- Rs. 6.1 billion
- $128 million US
- 82% of Total Sales

Total Sales
- Rs. 7.4 billion
- $156 million US

Retail Category	% of Total	Office Workers Rs	Office Workers USD	Rail Commuters Rs	Rail Commuters USD	Total On-Site Rs	Total On-Site USD	PTA Rs	PTA USD	STA Rs	STA USD	TTA Rs	TTA USD	Total All Segments Rs	Total All Segments USD
Convenience	16%	64,170,689	$ 1,044,440	434,948,896	$ 9,100,093	499,619,086	$ 10,144,479	444,669,861	$ 9,914,162	269,192,820	$ 6,614,169	-	$ -	1,206,280,268	$ 26,272,778
Grocery	12%	54,582,321	$ 1,143,654	393,601,626	$ 8,246,348	448,183,947	$ 9,389,902	311,633,704	$ 6,529,038	116,101,346	$ 2,432,439	-	$ -	875,918,997	$ 18,351,379
Pharmacy	3%	3,637,677	$ 76,213	33,935,369	$ 710,980	37,573,046	$ 787,193	82,008,870	$ 1,718,168	90,742,368	$ 1,901,143	-	$ -	210,324,284	$ 4,406,504
Alcohol & Tobacco	1%	2,038,472	$ 42,708	-	$ -	2,038,472	$ 42,708	32,803,548	$ 687,267	36,296,947	$ 760,457	-	$ -	71,138,967	$ 1,490,432
Services	1%	3,912,219	$ 81,965	6,811,400	$ 142,706	10,723,619	$ 224,67								
Comparison	67%	113,992,128	$ 2,876,678	628,081,462	$ 13,179,888	742,473,688	$ 16,666,684								
Apparel	14%	33,785,101	$ 707,832	308,945,652	$ 6,472,720	342,730,753	$ 7,180,552								
Footwear & Accessories	4%	22,613,084	$ 473,767	-	$ -	22,613,084	$ 473,767								
Cosmetics, Health, Bath & Beauty	3%	9,974,100	$ 208,967	-	$ -	9,974,100	$ 208,967								
Jewelry, Watches & Accessories	6%	16,095,007	$ 337,206	-	$ -	16,095,007	$ 337,206								
Electronics & Appliances	7%	12,811,946	$ 268,423	-	$ -	12,811,946	$ 268,42								
Multimedia, Books & Music	8%	6,889,211	$ 117,100	320,135,810	$ 6,707,165	326,725,021	$ 6,824,265								
Home Furnishings & Accessories	7%	8,135,586	$ 170,449	-	$ -	8,135,586	$ 170,44								
Home Improvement	14%	1,505,404	$ 31,540	-	$ -	1,505,404	$ 31,54								
Toys & Hobbies	1%	1,793,672	$ 37,579	-	$ -	1,793,672	$ 37,57								
Sporting Goods	2%	1,089,015	$ 22,816	-	$ -	1,089,015	$ 22,81								
Food & Beverage	8%	73,687,288	$ 1,644,032	-	$ -	73,687,288	$ 1,644,03								
Casual / Sit Down Restaurants	8%	73,687,286	$ 1,544,032	-	$ -	73,687,286	$ 1,544,03								
Leisure & Entertainment	8%	-	$ -	-	$ -	-	$ -								
Leisure & Entertainment	9%	-	$ -	-	$ -	-	$ -								
Total Retail Expenditures	100%	261,260,102	$ 6,264,160	1,063,429,867	$ 22,279,919	1,314,689,969	$ 27,544,08								



Retail Floorspace Opportunity → GLA: 654,000 sf

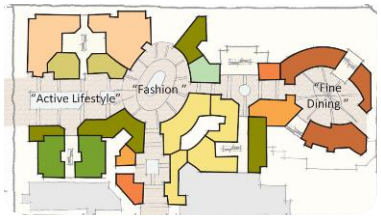
Our Work Methodology

Stage III: Retail Development Strategy

Project Positioning

Points of Difference

Retail Allocation



Retail Phasing

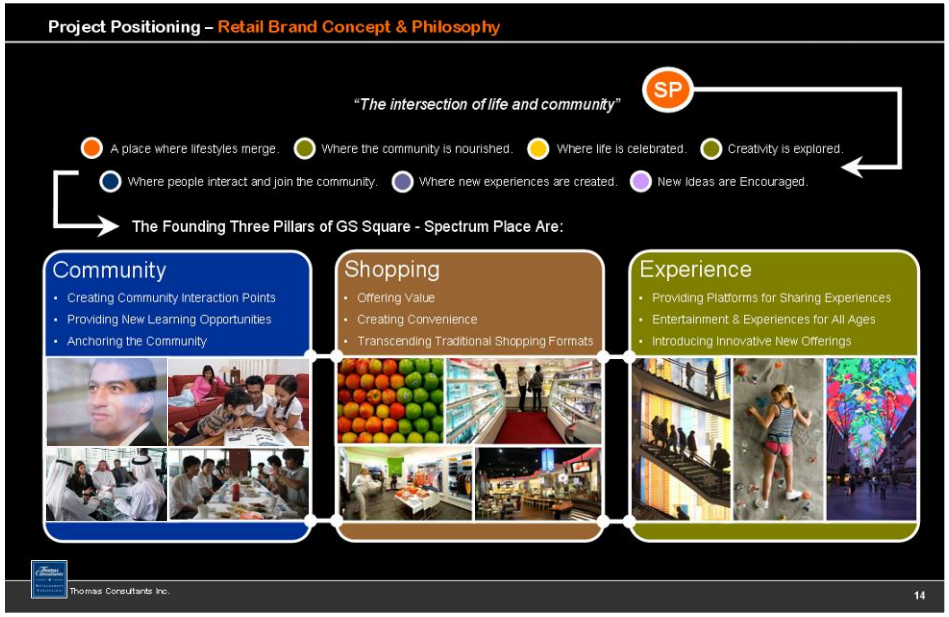
- What is the ‘project positioning’ for the retail development?
- What are the project’s points of difference?
- How should the retail uses be allocated?
- Should retail uses be phased over the development schedule?

Phase 3

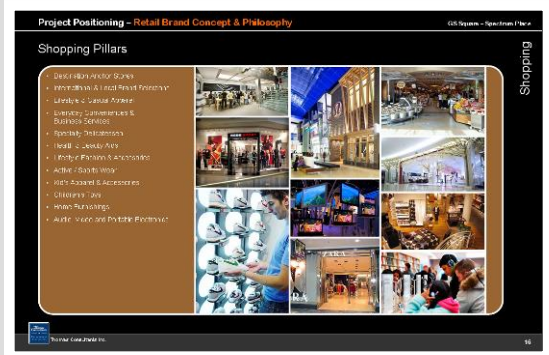
Stage III: Retail Development Strategy

What is the ‘project positioning’ for the retail development?

What Is the Vision and Core Project Elements?

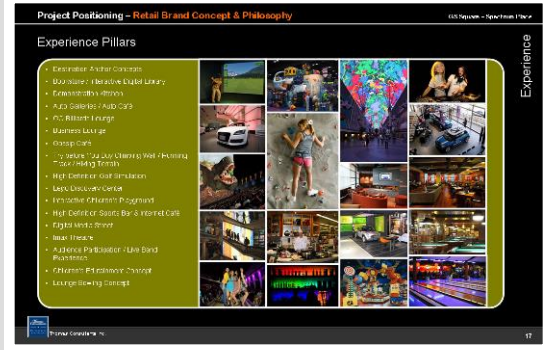


Identify Project Pillars



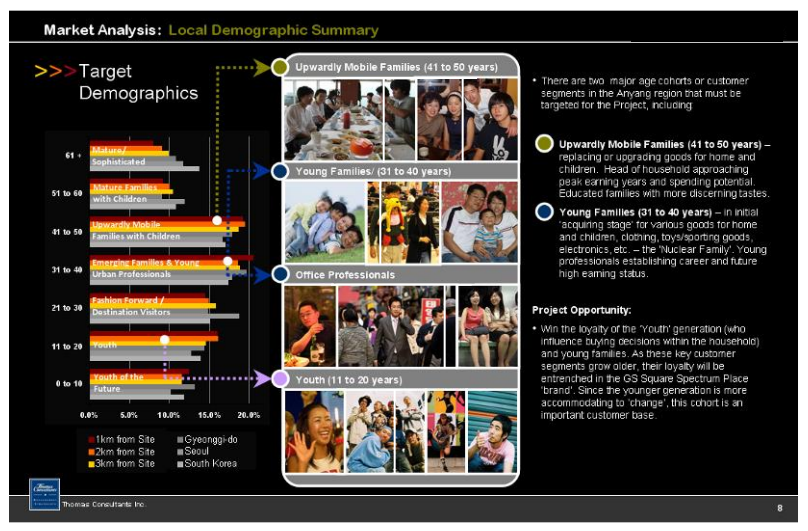
Establish Image & Character

Define the Merchandise Mix



Stage III: Retail Development Strategy

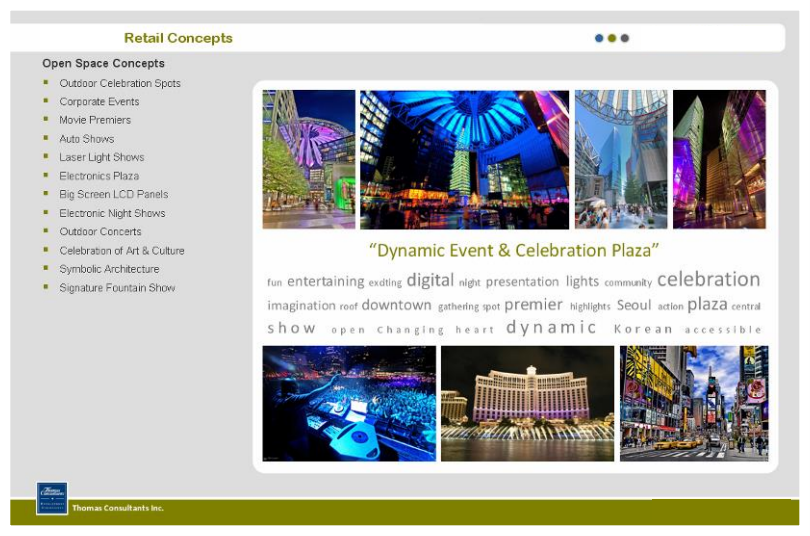
How does the project appeal to its intended audience?



- Defining how the project fits into competitive landscape.
- Identifying the main pillars that will shape the project's offering. Is it experience, value, convenience or a combination of these factors?
- Determining the underlining value proposition.
- Creating a positioning philosophy that appeals to the target audiences.

Stage III: Retail Development Strategy

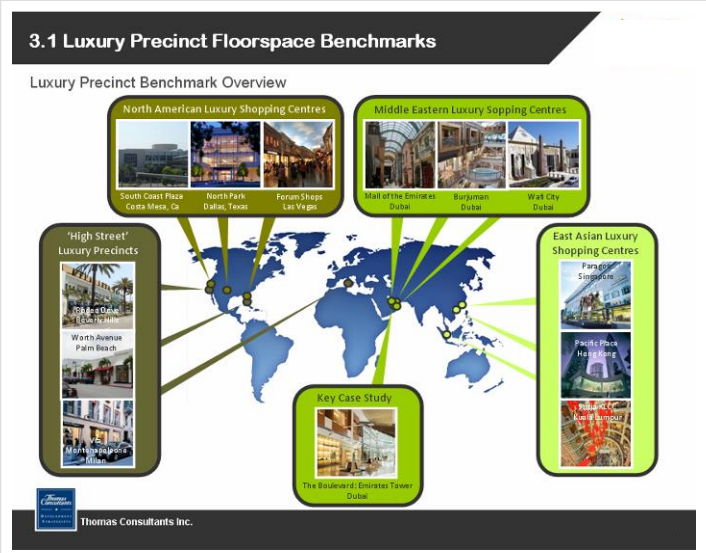
What are the project's points of difference?

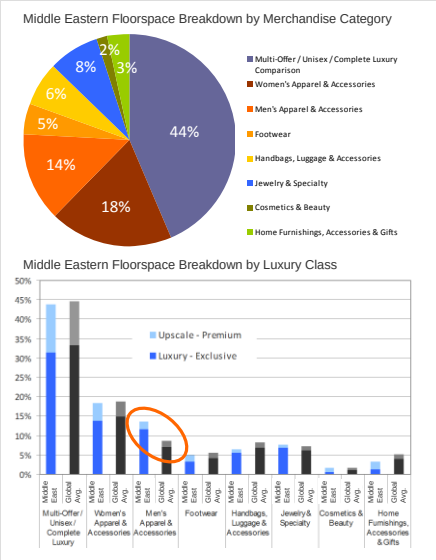


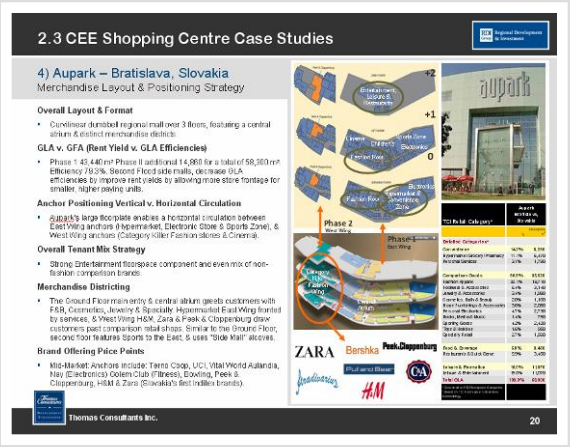
- Identifying market niches that the project could satisfy.
- Identifying the core attractions and offerings that will create destination appeal.
- Finding the latest groundbreaking destination attractions being introduced around the world.
- Determining the attractions and amenities that would appeal to the project's target audiences.
- Identifying the target brands and price points that best position the project to serve target markets and create destination appeal.

Stage III: Retail Development Strategy

What are the relevant project benchmarks?



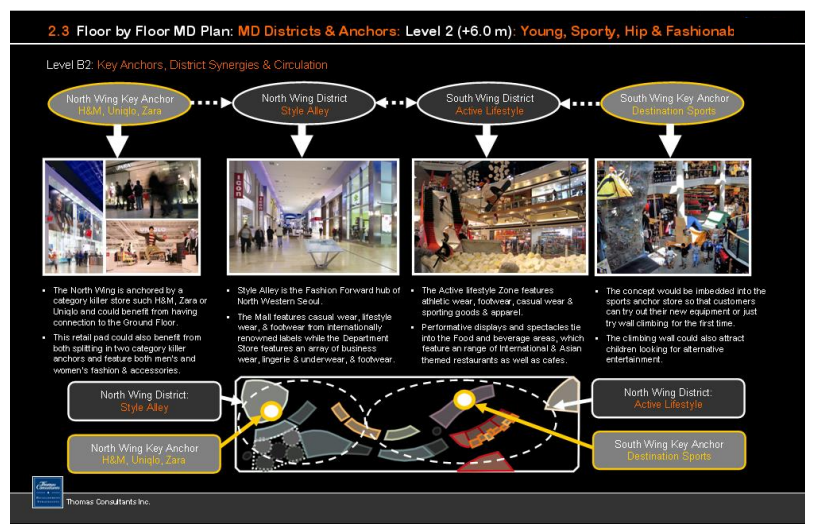




- Acquiring useful lessons and adapting proven approaches from other successful retail developments.
- Identifying and applying the latest development trends from leading projects around the world that are appropriate and transportable to the local context.
- Using benchmark data to validate the retail concept.

Stage III: Retail Development Strategy

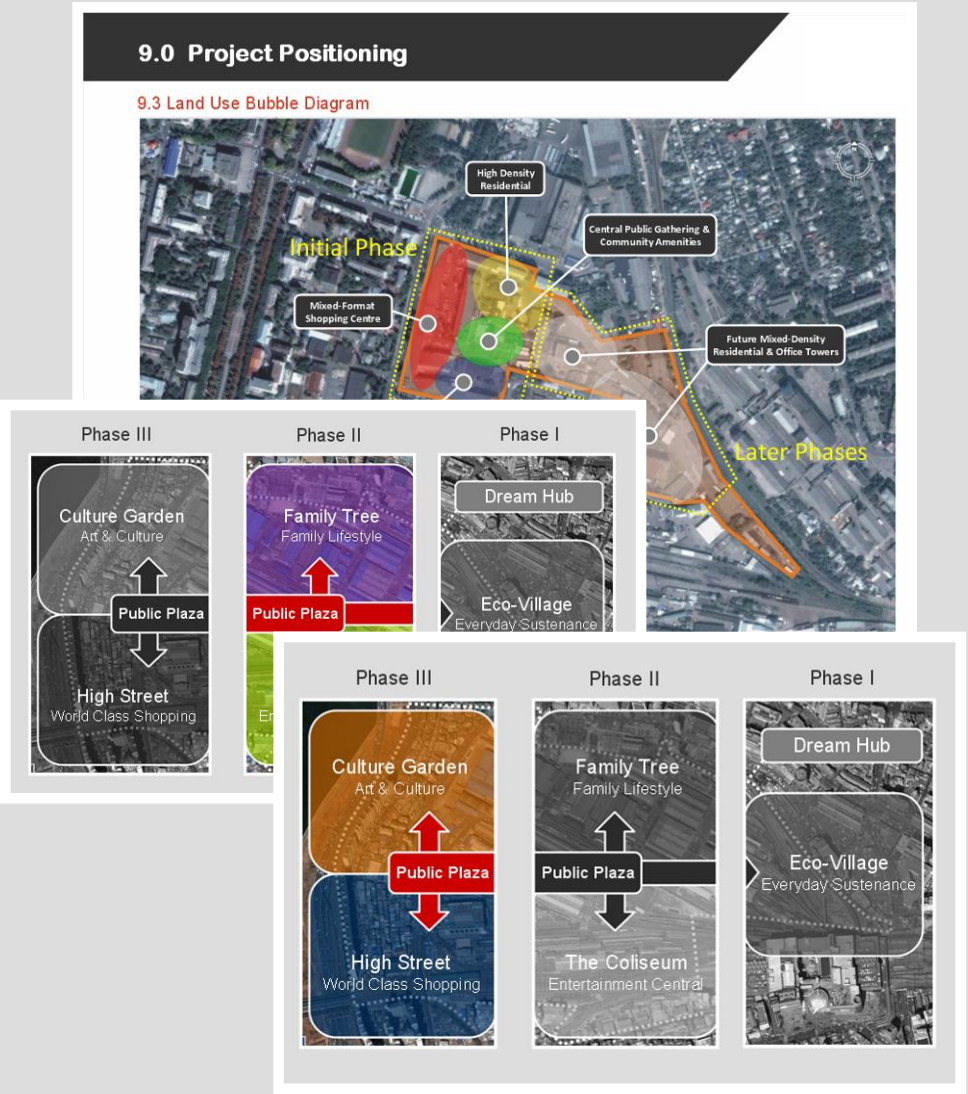
How should the retail uses be physically allocated?



- Creating a retail districting and anchoring plan to stimulate horizontal circulation.
- Establish target brand clusters to stimulate cross-shopping among complimentary tenants with respect to target market.
- Distributing tenants in order to facilitate exposure to a maximum amount of storefronts in order to generate higher rent yields.

Stage III: Retail Development Strategy

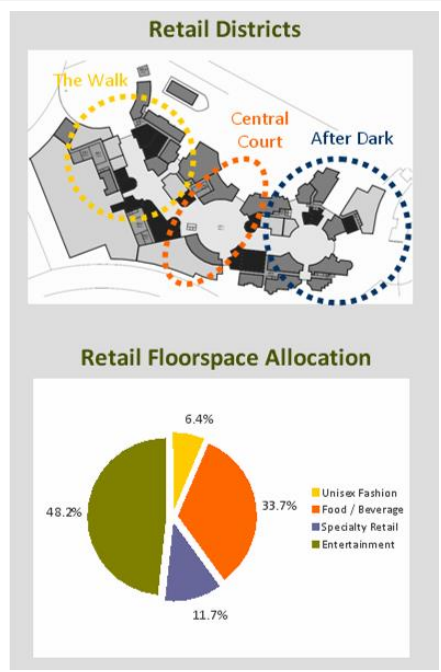
Should retail uses be phased over the development schedule?



- Developing an appropriate phasing plan based on on-site, local/regional trade area and visitor growth.
- Successfully integrating future phases to sustain the project's momentum.

Stage III: Retail Development Strategy

How should the retail programming unfold?



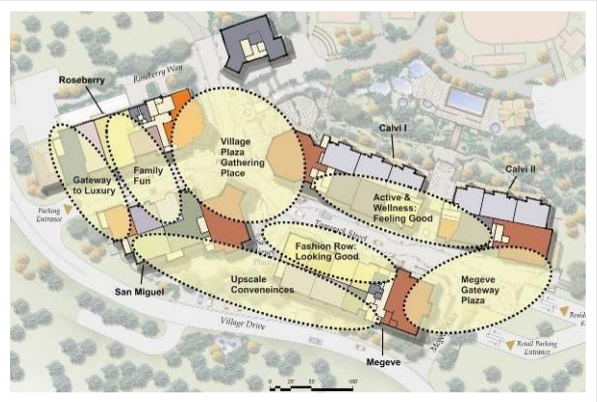
Unit #	Retailer	Merchandise Category	Floor-Space m²
1	Cinema	Entertainment	4,045
2	Starbuck's	Food/Beverage	234
3	Urban Outfitters	Unisex Fashion	413
4	Puma	Unisex Fashion	212
5	Kitson (from Waffi Centre)	Unisex Fashion	121
6	Novelty/Gifts	Specialty Retail	96
7	Cinema Food/Concession	Food/Beverage	168
8	Collectables/Gifts	Specialty Retail	135
9	Movie Memorabilia Store	Specialty Retail	201
10	Themed Memorabilia	Specialty Retail	149
11	Universal Studios Store	Specialty Retail	483
12	I-Fly Indoor Skydiving	Entertainment	1,315
13	Johnny Rockets	Food/Beverage	336
14	Build-A-Bear Workshop	Specialty Retail	164
15	Legoland	Specialty Retail	339
16	Persian Cuisine	Food/Deverage	179
17	PF Chang's China Bistro	Food/Beverage	348
18	Themed Family Buffet	Food/Beverage	304
19	The Coffee Bean & Tea Leaf	Food/Beverage	137
20	Spago (Wolfgang Puck)	Food/Beverage	380
21	Fogo de Chao Brazilian Steak	Food/Beverage	240
22	House of Blues Store	Specialty Retail	120
23	House of Blues	Entertainment	731
24	Bubba Gump Shrimp Co.	Food/Beverage	401
25	Seafood & Chop House	Food/Beverage	198
26	Sunglass Hut/Watch Station	Specialty Retail	96
27	Aveda	Specialty Retail	77
28	Zoo York	Unisex Fashion	133
29	American Apparel	Unisex Fashion	241
30	Logo Apparel/Gifts	Specialty Retail	153
31	Hard Rock Café	Food/Beverage	506
32	Nascar Café	Food/Beverage	400
33	ESPN Zone	Food/Beverage	750
34	Convenience Store	Specialty Retail	123
35	Abercrombie & Fitch	Unisex Fashion	289
36	Paul Café	Food/Beverage	190
37	Benihana Japanese	Food/Beverage	205
38	Apple Store	Specialty Retail	236
39	Sephora	Specialty Retail	251
40	Rainforest Café	Food/Beverage	303
41	Emeril's New Orleans Kitchen	Food/Beverage	243
42	Cheesecake Factory	Food/Beverage	315

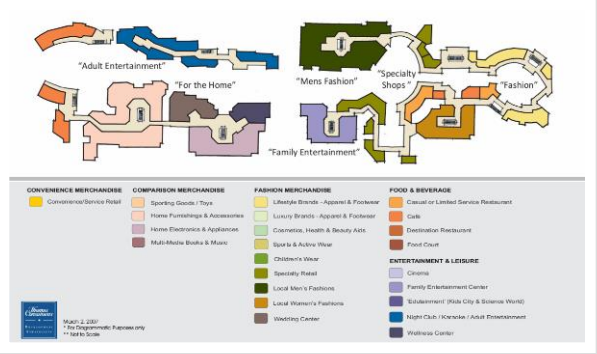
- Translating the market findings into a retail layout plan.
- Creating a retail districting and anchoring plan to optimize retail performance.
- Establish a detailed unit-by unit retail tenant mix plan that identifies the optimal location of each retailer.

Bridging The Gap Between Market Research & Physical Plan

Working With Architects to Execute the Vision

- Translating the quantitative and qualitative analyses into a workable retail layout plan.
- Creating a hierarchy of retail functions on the plan that maximizes the synergy between store formats and cross-shopping opportunities.
- Implementing a retail anchoring strategy that stimulates horizontal and vertical customer circulation.
- Clustering similar retail categories to create specific merchandise districts.
- Understanding the interface between retail and other on-site uses to maximize the project's synergy.
- Thinking locally, but acting globally when considering the appropriate tenant types for the project.
- Recognizing international design trends and retail concepts that could be utilized for the project.





Creating Value

The Proper Planning and Execution of A Retail Project Creates Immense Value:

- Retail is the civic heart of the project and its successful execution makes a place more desirable destination.
- Successful retail destinations become the focal point of their communities, even cities.
- The retail acts as an amenity to on-site office, residential and hospitality uses. This is vital for instilling a sense of vitality and activity throughout the project.
- Retail often becomes the face of a project and thus ultimately shapes the success of the whole development.
- Doing retail right will increase premiums on all land uses.

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